Prince Edward Island

Prince Edward Island Marketing Council

ANNUAL REPORT

2014

For the year ended December 31, 2014

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LETTER TO THE MINISTER

February 28, 2015

The Honourable George Webster,
Minister of Agriculture and Forestry

It is indeed a pleasure to submit Marketing Council's Annual Report to you for the year ended December 31, 2014 as required under subsection 2(11) of the *Natural Products Marketing Act*.

The report also contains brief summaries on the structures and activities of active commodity boards, commodity groups and the Natural Products Appeals Tribunal created under the *Act*.

Additional copies of the report are provided so you can transmit the report to the Legislative Assembly during the next session as required under subsection 2(11.1) of the *Act*.

Council had a normal amount of activity starting off the 2014 year. In March, Council was invited to make a presentation at the Lobster Value Summit in Halifax on the process required to set up a commodity board to collect a levy on lobster landings for Island lobster fishers. Council was very involved with the PEI Fishermen's Association throughout the rest of the year. In December, Council was presented with a petition to hold a plebiscite for lobster fishers on the establishment of a commodity board.

The potato growers were able to reach negotiated contract prices with the processors in 2014 without having to go to arbitration. The chicken industry continued to move forward nationally to find a solution to the dispute with Alberta. The Dairy Farmers Board worked with Island processors to try to manage the fallout from the CETA trade agreement with the EU as well as to manage the flow of raw milk for processing due to the continuing rationalization of dairy processing and harmonization of producer policies in the P5. Lower fuel prices had a beneficial effect for the farm community and consumers leading to lower costs of production for most agricultural products.

Council had three new members appointed in mid December. Training will be organized for the new members in the near future. Council is carrying out its supervisory and other responsibilities in a timely and efficient manner.

Respectfully submitted on behalf of Marketing Council,

Gordon MacBeath, Chair;	Allister Veinot, Vice-Chair
Michael Carmichael, Member	Jean Clark, Member
Derwin Clow, Member	Guy Cudmore, Member
Calvin Jollimore, Member	Layton Wallace, Member

MARKETING COUNCIL

2014 ANNUAL REPORT

Introduction

Pursuant to section 2(11) of the *Natural Products Marketing Act, R.S.P.E.I. 1988 Cap. N-3*, each year Marketing Council is required to present a report on Council's activities to the Minister responsible for the *Act*.

The *Act* also requires that a copy of the report be transmitted to the Legislative Assembly when in session or within fifteen days of the commencement of the next regular session of the Legislative Assembly.

The following report highlights activities of Marketing Council and the Appeals Tribunal for the period from January 1, 2014 to December 31, 2014. This report also highlights important events that have occurred during the year summarizing Activity Reports generated from active commodity boards, marketing commissions and commodity groups formed under the *Act*.

Several years ago, Marketing Council completed a Strategic Plan which it continues to use to guide its focus and activities. The Plan contains the following Mission Statement and Vision.

Mission Statement

Acting on behalf of the people of Prince Edward Island, Marketing Council supervises the creation and operation of producer boards, commissions and groups that regulate and control the production, sale, processing, marketing, transportation and pricing of natural products.

Vision

The Prince Edward Island Marketing Council is a forward-thinking, pro-active, efficient and accountable public agency that oversees orderly systems for the production and marketing of natural products.

Corporate Governance

Authority - The Prince Edward Island Marketing Council is a statutory body established pursuant to section 2 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3.* Under the *Act*, Council has very broad and far reaching powers, some of which include:

General Powers – Council may exercise such powers and perform such functions as are vested in it by the Lieutenant Governor in Council, and shall recommend to the Lieutenant Governor in Council the establishment, amendment and revocation of plans for the marketing of natural products and the constitution and powers of commodity boards or of marketing commissions to administer such plans.

Supervisory Responsibilities – Council is responsible for the general supervision of commodity boards, marketing commissions and commodity groups established under the *Act*.

Composition – Under subsection 2(1) of the *Natural Products Marketing Act*, Council shall consist of no fewer than three persons and not more than eight persons appointed by the Lieutenant Governor in Council. New appointments were made to Council effective December 20, 2014 but up to that point, Council consisted of:

Name	Position	Location	Primary Interest
Gordon MacBeath	Chair	Marshfield	Dairy
Allister Veinot	Vice-Chair	Avondale	Sheep & Organics
Jean Clark	Member	Kinkora	Consumer
Derwin Clow	Member	Freetown	Dairy
Guy Cudmore	Member	Winsloe	Potatoes
Michael Carmichael	Member	Albany	Dairy
Calvin Jollimore	Member	French River	Aquaculture
Layton Wallace	Member	Cascumpec	Potatoes

Membership Changes – In December of 2014, Gordon MacBeath, Allister Veinot and Guy Cudmore retired from Council. At the same time Michael Carmichael was appointed as chair and Council welcomed Kathy MacDonald, New Glasgow, Steven Reeves, Freetown and David Harris, O'Leary as new members representing the sheep, dairy and potato industries respectively.

Meeting Attendance – Marketing Council has always achieved a very high attendance rate. Calendar year 2014 was no exception with an attendance rate of 85%.

Staff – In 2014 Marketing Council staff consisted of Ian McIsaac, Secretary & General Manager on a 60% time basis along with his 40% time responsibilities working with the AgriStability Program. Karen Craig, Liaison Officer with the Department of Agriculture and Forestry provided administrative support to Marketing Council and this was greatly appreciated.

Meetings/Focus – Council held five (5) meetings during the year. Council's main focus continued to be monitoring activities of commodity boards and commodity groups to ensure they are in general compliance with the *Act* and their Regulations.

Operational Responsibilities

Monitoring and Supervision

One of the most important responsibilities Marketing Council has is monitoring and general supervision of commodity boards, marketing commissions and commodity groups formed under the *Natural Products Marketing Act*.

Monitoring activities include reviewing reports that highlight commodity board minutes, annual reports, audited financial statements and other material received from boards. Council representatives also attend annual and other meetings of commodity boards and commodity groups as required.

Council was responsible for monitoring and supervising the following six commodity boards and three commodity groups during the past year. Although regulations are in place for a Turkey Marketing Commission, the Commission is inactive.

Commodity Boards

Chicken Farmers of Prince Edward Island
Dairy Farmers of Prince Edward Island
Egg Producers of Prince Edward Island
Prince Edward Island Cattle Producers
Prince Edward Island Hog Commodity Marketing Board
Prince Edward Island Potato Board

Commodity Groups

Prince Edward Island Oyster Commodity Group
Prince Edward Island Strawberry Growers Association
Prince Edward Island Wild Blueberry Growers Association

Marketing Commissions

Turkey Marketing Commission (inactive)

Monitoring and Supervision Highlights

Following are highlights of Council's activities during calendar 2014.

Activity Reports

The Council Secretary & General Manager reviews and prepares Activity Reports for Council summarizing each document received from a commodity board or group. Documents reviewed during the past year include minutes, board orders, agreements, audited financial statements, annual reports and

material related to federal-provincial agreements discussed at the national meetings.

Particular emphasis is placed on member attendance and participation in discussion at meetings, understanding of, and response to, industry issues, proper preparation and approval of minutes, decisions and board orders, board review of unaudited financial statements at least on a quarterly basis, participation in provincial, regional and national organizations and committees.

Ratification of Board Orders

During the year, Council ratified seventeen board orders for publication in the Royal Gazette. Board Orders regulate and control various aspects of the production and marketing of a commodity based on powers conferred on a board by the Lieutenant Governor in Council. At the end of 2014, commodity boards created under the *Act* had the following number of orders in force:

Commodity Board	**# Orders**
Chicken Farmers of PEI	6
Dairy Farmers of PEI	24
Egg Producers of PEI	12
PEI Cattle Producers	2
PEI Hog Commodity Marketing Board	3
PEI Potato Board	7
Total Number of Active Orders	**54**

Commodity Board Elections

The Marketing Council Secretary & General Manager acts as Returning Officer for elections held by commodity boards required to hold mail-in-votes. During 2014, mail-in-votes were conducted to fill the following commodity board vacancies:

Commodity Board	**Vacancies Filled**
Dairy Farmers of PEI	2
Egg Producers of PEI	2
PEI Cattle Producers	2
PEI Potato Board	4
Total Vacancies Filled	**10**

Chicken Farmers of PEI and the PEI Hog Commodity Marketing Board conduct elections during the annual or special general meeting.

Appointments to Commodity Boards

Marketing Council has the authority to appoint registered producers to fill vacancies on commodity boards where an elected producer is unwilling or unable to serve.

The power to fill vacancies is normally exercised when only one registered producer expresses an interest in filling a vacancy. Generally, an election will

be held when more than one producer expresses an interest in filling a vacancy.

In March of 2014, Council appointed Mr. Kent Rennie to fill a vacancy on the Dairy Farmers of PEI Board in the West Prince District. In December of 2014 Council appointed Mr. Gary Hughes to fill a vacancy on the Dairy Farmers of PEI Board in the Charlottetown District.

Other Activities

During calendar 2014, Marketing Council also:

1. Created a list of mediators and arbitrators to help negotiate an acceptable production contract between the Potato Board and Potato Processors.

2. Made a presentation at the Lobster Value Summit in Halifax in March 2014 on the process and timelines necessary to set up a commodity board under the *Natural Products Marketing Act*. A commodity board would enable lobster fishers to be able to collect a non-refundable levy, on all lobsters landed in PEI, to be used for marketing and promotion of lobster. In December of 2014 Council received a petition from the PEI Fishermen's Association requesting that a plebiscite be held among Island lobster fishers to form a commodity board. Council approved that a plebiscite be held.

3. Participated in discussions with the National Association of Agri-Food Supervisory Agencies (NAASA), an organization comprised of provincial and federal supervisory organizations and the Canadian Dairy Commission.

4. Worked with the PEI Cattle Producers on improving levy collection. The Cattle Producers' Board passed a resolution at their AGM to ask Cabinet for the power to license cattle buyers to assist the Board in collecting levies on all animals being sold out of Province. Council discussed the plan that the Cattle Producers put in place and asked for more information on how the process would work. The Cattle Producers said that they would need time to discuss the process in more detail and investigate how the licensing idea was working in neighboring provinces.

5. Monitored trade agreements such as the WTO, CETA and the Trans-Pacific Partnership (TPP) and attended the Canadian Cattlemen's Association semi-annual meeting trade discussions which were held in Charlottetown in mid August.

6. Worked with the PEI Oyster Commodity Group to improve communications between fishers and buyers and to expand levy collection. Their levy is used to enhance the wild fishery.

7. Discussed changes to the dead stock collection service with the PEI Cattle Producers and their plans to create a Board Order to collect up to $127,000 from cattle producers as their share of the total amount required to keep the dead stock service in operation.

8. Council discussed issues with the Egg Farmers of PEI concerning non-resident holding of egg quota. Until earlier this year, holders of Island egg quota had to be residents of PEI but with an amendment to the Quota Order, that requirement has been changed . At the end of 2014, over 50% of Island egg quota was being held by non residents but with the stipulation that quota cannot be transferred out of PEI.

9. The Council General Manager attended several National Association of Agri-Food Supervisory Agency (NAASA) meetings by conference call and in person sharing ideas, challenges and solutions to issues which face supervisory bodies from time to time. Farm Products Council of Canada (FPCC) Chair M. Laurent Pellerin and staff attend as well to discuss areas of interest as well as ongoing efforts to solve challenges within the supply managed and non supply managed commodity production systems. Some of the challenges being dealt with by FPCC include the chicken dispute with Alberta, approving new quota allocations for egg production, transparency and reporting requirements by National Agencies.

10. Council worked closely with representatives of the PEI Fisherman's Association on the idea of setting up a commodity board to collect a marketing and promotion levy under the *Natural Products Marketing Act*. A petition in the form of a letter was received in late December and Council approved the holding of a plebiscite. Work was started on the creation of a register of eligible voters before year end. Council was also involved in consultations with the First Nations as well to insure that all players in the industry are informed on the issue

11. Council began discussions with the Dairy Farmers of PEI to revise their Regulations under the *Act*. Due to the decreasing number of producers in the Eastern and Western Districts, the DFPEI Board would like to redraw the district boundaries leaving just two districts with three directors elected from the Eastern District, three members from the Western District and three members to be elected from at large.

    Since the P5 is working toward harmonizing their policies and due to the rationalization of milk processing in Eastern Canada, each province has been asked to create a raw milk allocation policy. PEI has never had a policy or Board Order on Raw Milk Allocation. Therefore, it is taking a considerable amount of time and discussion to put this in place. Questions arise as to who owns the raw milk supply; is it the processors because historically they have established their volumes over time? Is it the Province since they have been allocated the quota? If the Province owns the allocation, does that mean the Government or the DFPEI Board, who has the power to control the marketing and regulate the quota system in the Province? More discussion will be needed before an Order can be formalized.

PRINCE EDWARD ISLAND
NATURAL PRODUCTS APPEALS TRIBUNAL

Statutory Responsibility
The Natural Products Appeals Tribunal is a statutory body established pursuant to section 18 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3.*

The Tribunal is responsible for hearing appeals of orders, directions or decisions made by commodity boards and marketing commissions and of orders, directions or regulations made by Marketing Council.

Composition and Staff
At December 31, 2014, the Natural Products Appeals Tribunal consisted of the following members and staff:

Donald Drake, Member
Nelson MacKinnon, Member
Brian Morrison, Member

Mary Kinsman, Secretary

Appeal Activity
For the year ending December 31, 2014, there were no appeals before the Natural Products Appeals Tribunal.

Mandate/Powers – The powers of Dairy Farmers of Prince Edward Island are found in section 2(3) of Dairy Farmers of Prince Edward Island Regulations. This section vests in the Board the powers necessary for it to effectively promote, control and regulate the marketing of milk within the province, including the power to prohibit any aspect of the marketing of milk. The Board has also been delegated federal powers to regulate the marketing of milk in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Dairy Farmers of Prince Edward Island is participating, with its partners, in the Agreement on Eastern Canadian Milk Pooling (P5) to jointly administer producer quota policies. A committee of the P5 provinces (PEI, ON, QC, NB & NS), makes recommendations on producer quota issues to the provincial boards, which retain the power to implement the policies.

Board of Directors and Staff – at 31 December 2014 consisted of the following:

District Directors:

West Prince	Harold MacNevin, Chair; Kent Rennie
Summerside	Ronald Maynard, Secretary; Ranald MacFarlane
Charlottetown	Jeff Weeks, Vice-Chair; Bloyce Thompson; Gary Hughes
Montague-Souris	Kent MacDonald; Jayne MacDonald

A long-time Director, Exton MacPherson, retired from the Board in August 2014. He represented the interests of producers in the Charlottetown District.

Management Staff: Douglas Thompson, General Manager

Industry Statistics – At 31 December 2014, there were 11,584.58 daily kilograms of butterfat quota issued to 179 active producers, representing a decrease of 5 producers or -2.7% compared to the same date a year earlier.

During the 2014 fiscal year (ended 30 November 2014), PEI dairy farms produced 98.95 million litres of milk generating farm gate receipts, net of transportation costs and levies, of $79.92 million, a decrease of approximately $260 thousand dollars or -.32% compared to the same period one year earlier.

Activities –During the year, the Board:

- ⇒ administered producer quotas, including the quota exchange, lease exchange and lease contracts;
- ⇒ administered policies for the production and transportation of raw milk;
- ⇒ administered policies for the licensing of transporters, bulk milk graders/transport vehicle operators, fluid milk distributors and dairy plants;
- ⇒ performed milk component test conversions for producers;
- ⇒ responded to interprovincial milk movement obligations;
- ⇒ established producer milk prices and minimum wholesale and home delivery fluid milk product prices;
- ⇒ administered the Canadian Quality Milk on farm food safety program;
- ⇒ established bulk milk transportation rates; and
- ⇒ participated on numerous provincial, regional and national committees.

Mandate/Powers – Section 39 of the Egg Commodity Marketing Regulations confers on the Board the powers to promote, control and regulate the marketing of eggs within the province, including the power to prohibit any aspect of the marketing of eggs. The only powers in the Act not conferred on the Board are those found in subsections 4(3) (r), (s) & (t). The Board has also been delegated federal powers to regulate the marketing of eggs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Board of Directors: At December 31, 2014, the Board of Directors consisted of John Dennis, Chair; Ian Simmons, Vice-Chair; Nathan Burns, Secretary and Peter Stavert. Leith Murray was also a director until September 26, 2014 until his producer registration status expired. He was the Board's EFC Director for 2014.

Management Staff: Michael Cummiskey is the Board's General Manager, Julie McCarron is Office Administrator and Janis MacKay is the Promotion Coordinator.

Industry Statistics – Seven (7) producers were registered with the Board at year end. Quota issued or available to registered producers was for 135,018 layers. Farm Gate Receipts from registered producers during 2014 is estimated to be $6.44 million compared to $6.74 million during 2013, a decrease of 4.45% mainly due to one producer having to interrupt some of his production for the retooling of one of his layer facilities during the year. Two of the registered egg producers sold their whole farm operation to two new registered producers in September 2014.

Of the 3.35 million dozen eggs marketed during 2014, 53.0% were consumed as table eggs in PEI and the Maritimes and the remaining 47.2% were exported to Quebec and Ontario for processing. During the year, grading stations imported an additional 70,815 dozen eggs to supply the table market, a decrease from the 139,725 dozen imported in 2013.

Registered egg farms are rated on a HACCP based, Start Clean-Stay Clean (SCSC), food safety program and Egg Farmers of Canada Animal Care Program. Scores achieved by producers during an independent SCSC inspection are used to determine the compensation producers will receive for eligible losses in the event a flock must be destroyed due to a human health risk associated with Salmonella enteritidis (Se). Commercial pullet farms and registered egg farms have their egg laying environments tested for Se once and twice respectively per laying cycle.

The Egg Producers of Prince Edward Island continue to purchase administrative support services from the Dairy Farmers of Prince Edward Island Board.

Activities – The Board was involved in the following activities during the year:

- held seven face to face board meetings and one conference call in order to discuss and make recommendations on national, provincial, and producer issues;

- held an Annual General Meeting to review the previous year's financial statements and report on the previous year's activities;

- attended two Atlantic Directors' meetings to discuss potential changes to animal care and quota allocations;

- the Board Chairman, Board Manager and Egg Farmers of Canada (EFC) director participated in various EFC meetings and committees of EFC;

- established producer, spot and wholesale egg prices;

- allocated and administered producer quotas, quota credits, producer leases and quota transfers;

- collected levies and service fees on new quota allocations and made payments to EFC on behalf of registered egg producers;

- purchased and sold surplus eggs from registered egg grading stations and sold them to EFC through its Industrial Products Program;

- participated in the Canadian Egg Industry Reciprocal Alliance (CEIRA) - poultry insurance program for Se, which provides coverage from breeder flocks to spent hens;

- informed producers about changes to EFC's SCSC and Animal Care Program;

- facilitated and compensated the movement of Nest Run eggs between the two egg grading stations when eggs were required for table market, and

- participated in various promotion activities and attended various venues throughout the year in order to increase consumer awareness and benefits of egg consumption.

PRINCE EDWARD ISLAND
CATTLE PRODUCERS

The PEI Cattle Producers (PEICP) held their Annual Meeting in April, 2014. Board members include Brian Morrison, Jeremy Stead, Sterling Jay, David McCloskey, Kenneth MacEachern and Derrick Annema. Ex-Officio Director, Ranald MacFarlane represents Dairy Farmers of PEI.

In April of 2014 the PEICP launched its fourth PEI Burger Love campaign. This was established to raise the awareness of the importance of the PEI beef industry to agriculture and to PEI in general. This social media campaign saw an increase in all aspects of the campaign from the previous year. Fifty four restaurants sold over 92,168 hamburgers during the month of April. The 2014 PEI Burger Love's most loved burger was won by the Getsby, from Sim's Corner Steakhouse, a first time participant in the campaign.

Amanda Miller continued to deliver the Verified Beef Production (VBP) program in the Atlantic Provinces. She provides information and workshops on the VBP program. In 2014 it became mandatory to attend a VBP workshop for anyone seeking funding under the Livestock Development programs. This requirement has translated in over fifty producers attending a VBP workshop. Amanda continues to offer technical support for producers wanting to Age Verify animals or to create birth certificates for them.

The PEICP is a member of the Maritime Beef Council (MBC). The Council represents the three Maritime Cattle organizations on various issues. Quarterly meetings were held throughout the year, while the annual meeting took place in August, 2014. Two research projects, spearheaded by the MBC, were established at the Nappan Research Station. Both resulted from industry consultations on required research for the Maritimes. Both projects will utilize the Grow Safe technology that was previously installed at the Nappan Bull Test Station. In August 2014, the Nappan Research Facility in conjunction with AAFC, the MBC and the Nappan Bull Test Station hosted a Research Tour at their facilities. All forage and beef research was showcased. Over sixty-five delegates attended the tour. They included individuals from across the country, many of whom were attending the CCA Semi-Annual Meeting in PEI. It was very valuable to have executive staff of the Beef Cattle Research Council on-hand to view the valuable research being done here. Now that they are aware of our capabilities it will likely encourage them to support additional research here in the future.

2014 was the first time producers had to pay directly to use the on-farm dead stock removal service. Since the province significantly cut back its level of funding for the dead stock service, the beef and dairy sectors had to find a way to invoice producers who used the service in order to make up for the shortfall. While a dead stock levy could be deducted from dairy producers' milk cheques, there was no mechanism for the PEICP to levy beef

producers. A completely new system for dead stock invoicing and collection had to be devised. Like any new billing for service, it met with significant opposition, however; at the end of the day, the PEICP was pleased with the level of cooperation it received from its members. All producers were invoiced in March 2014 based on their inventory or marketings of the

previous year. They had sixty days to pay and were offered a chance to pay in three equal installments. Any producer who did not pay was not eligible for the service until they paid their invoice. Once arrangements for payment were made the pickup was authorised.

The Beef Industry Initiative continued to provide funding for producer programs such as Premium Sires, Genetic Heifer Renewal and Herd Health. This was the first of three years for the program under GFII.

Atlantic Beef Products has been consistently slaughtering 400 head per week. They anticipate and increase in demand especially for ground beef. To address this, ABP has been actively consulting with dairy producers in order to convince them to finish Holstein steers for a lean beef program, instead of sending them to Quebec for the veal market. The beef from the *lean* animals will be mixed with the trim from *fats* to produce a quality ground beef that is in high demand. During the opening of the Legislature, an announcement of $3M for loans for lean beef production was announced. Details of how the loan will be administered have still to be worked out.

The *Prince Edward Island Certified Beef* brand is growing steadily with more demand coming from the current distributor in Ontario and from other potential markets. This product is gaining in popularity with producers as well. A premium is collected on every animal sold under the brand and producers receive a portion of that premium directly.

A Humane Handling course was delivered to producers of the PEI Certified Beef brand by Jane Morrigan of Nova Scotia. This practical overview was a great reminder of why we need to keep animal welfare top of mind when considering who our customers are.

Ivan Johnson continued to represent the PEICP at the Canadian Cattlemen's Association while John MacDonald represents the PEICP on Canada Beef Inc.

The Board collects a mandatory, non-refundable, levy of $4.00 per head on animals at the time of slaughter. During 2014, $69,704.00 in levies was collected from producers. The amount was up slightly from last year. Additional administrative funding was collected from several projects administered by the PEICP throughout the year. As a result the administration side of the operation saw a reduced loss, while overall operations showed a profit. There is increasing pressure from the National Check-off (NCO) that all provinces submit their share of levies and that claw-back for NCO be eliminated. While this is substantial, PEI is not alone. This pressure is affecting all Maritime Provinces as well as other provinces who to take significant claw-backs. NCO is also proposing to increase its Federal levy to $2.50 per transaction. Efforts to address improvements to levy collections were sidelined as the limited staff dealt with the huge task of implementing the dead stock billing system. With the pressure from national, it will be necessary that their efforts are refocused on levy collection in the coming year.

The PEICP hosted the CCA Semi-Annual meeting in August 2014. With over 180 delegates attending the meetings, it provided an opportunity to showcase our beautiful

Island and the beef industry we support here. A tour organised by the PEICP included a stop at Simmon's Holdings in Irishtown. Kevin and Susan Simmons run a cow/calf to finish beef operation. They were gracious hosts answering the many questions from producers on the tour. The greatest surprise for western producers was the amount of infrastructure needed to raise beef in PEI. They were further amazed that the barns were paid for and maintained by the farmers themselves with little or no government funding. We were very grateful to Kevin and Susan for their hospitality. Overall the CCA meetings went very well and the PEICP received many thanks for its efforts in hosting the meetings.

Respectfully submitted by:
Rinnie Bradley, Executive Director of the PEI Cattle Producers.

Chicken Farmers of Prince Edward Island

Mandate – The powers of the Board to regulate and control the marketing of poultry in Prince Edward Island are found at section 38 of the Poultry Meat Commodity Marketing Regulations. The Board has also been delegated federal powers under the *Agricultural Products Marketing Act* (Canada) to regulate the marketing of Prince Edward Island chicken in interprovincial and export trade.

At December 31, 2014, the Board of Directors and staff was comprised of the following:

Board of Directors:

Dean Good, Chair
Katherine MacPhail, Vice Chair
Andre Merks, Secretary/Treasurer
Andrew MacPhail, Director
Barry Uyterlinde, CFC Rep.

Staff: General Manager – Janet Hilliard-Murphy

Industry Statistics - In 2014, eight farmers marketed 5.408 million kilograms of chicken meat, compared to 5.137 million kilograms in 2013. Chicken producers Farm Gate Receipts during calendar 2014 were approximately $9.066 million, compared to $8.9 million marketed in 2013. The marked increase in total receipts was partly due to the tail end of the increase in producer price because of the record feed prices.

Activities

The Board reported on the following initiatives and activities during the year:

- ⇒ Allocation of Quota to Producers;
- ⇒ Continued work on differential growth and long term allocation agreement.
- ⇒ Participation on provincial, national and regional committees, including Chicken Farmers of Canada
- ⇒ Chicken farms on PEI continue to maintain their 100% certification status for the On-Farm Food Safety Program as well as their certification for the Animal Care Program.
- ⇒ Participation in the initiative regarding the reduction and preventive use of Category 1 antibiotics in chicken production.

PEI Hog Commodity Marketing Board

Mandate/Powers – The mandate and powers of the Hog Commodity Marketing Board are found in the Hog Commodity Marketing Regulations. Section 40 of the Regulations vests in the Board the powers necessary to enable the Board to promote, control and regulate the marketing of hogs within the province, including the power to prohibit any aspect of the marketing of hogs. The Board has also been conferred federal power to regulate the marketing of Prince Edward Island hogs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

At December 31, 2014, the board and staff consisted of the following:

Board of Directors

Paul Larsen, Chair	Scott Drake, Director
Dale Murray, Vice-Chair	Ian Shaw, Director
Scott Dingwell, Secretary	David MacKenzie, Director

Executive Director – Tim Seeber

Industry Statistics - The Board reported that 20 hog producers marketed just under 62,000 finished hogs during 2014 with a farm gate receipt value of approximately $14.2 million. Though the number of hogs is relatively static from 2013 the value of the hogs marketed was up by over $3 million which is an increase of over 26% from the previous year. The forecast for 2015 is for numbers to remain unchanged at around 60,000 finished hogs marketed though it is expected that shipments of isoweans will increase as a result of the transition of one mid-sized operation. Including breeding stock, isowean, weaner and feeder pig sales, the 2014 figure was approximately 66,600 head. These figures do not include approximately 2,000 hogs that are processed through provincial establishments annually.

During 2014 the Canadian swine herd was hit with Porcine Epidemic Diarrhea (PED) with one case being in Prince Edward Island. Though the Canadian industry was able to somewhat contain the outbreak of the virus as compared to the situation in the United States, producers ramped up their bio-security measures with help from the Growing Forward II program funding to try to mitigate as much of the risk as possible.

The positive aspect of the Porcine Epidemic Diarrhea outbreak, particularly in the United States, where the death of millions of weaning pigs impacted processing supplies, was that the hog markets rose to unprecedented levels throughout much of the late spring, summer and early fall. As well, grain prices fell from the previous year's highs, providing producers, who had escaped the virus, with historic margins. That being said, much of this increased cash flow was directed back into operations to address infrastructure that had long been neglected. The pricing for 2015 has already fallen year-over-year below that of early 2014 and although the market has potential for good returns in 2015 they are not expected to repeat 2014's performance. Current expansion in the US sow herd is trending toward normal hog cycle lows for 2016.

POTATOES

PRINCE EDWARD ISLAND POTATO BOARD

Mandate – General and specific authority for the Potato Board to regulate and control the production and marketing of potatoes in Prince Edward Island is found at section 45 of the Potato Marketing Plan Regulations.

Board of Directors and Staff – at December 31, 2014 consisted of the following:

District Directors

West Prince
Darryl Wallace, Vice Chair
Glen Rayner
Kirk Shea

Summerside
Gary Linkletter
John Hogg
David Francis

Charlottetown
Alex Docherty, Chairman
Donald Godfrey
Irwin Jay

Montague/Souris
Owen Ching,
Charles Murphy, Secretary/Treasurer
Rodney Dingwell

Management Staff: Greg Donald, General Manager.

Industry Statistics – Approximately 250 farms, involving over 330 producers, grow potatoes on Prince Edward Island. Potato receipts increased from $183,744 million in the first three quarters of 2013 to $187,974 million during the same period in 2014. Growers enjoyed a good growing season with stronger yields and quality than have been experienced in the last few years. Total production is estimated at 26.2 million cwt, an increase in total production of 4.6% from 2013. Per acre yield was also stronger at 290 cwt/acre, up from 281 cwt/acre in 2013. Approximately 90,200 acres of potatoes were harvested in 2014, with very few acres not being harvested. Good weather in September and the first part of October resulted in a harvest season described by many as the best they've seen in many years. So far this marketing season, movement of fresh potatoes to both Canadian and international markets is behind last year's pace, but there are indications that movement should pick up in the coming months. Overall, average prices are down

somewhat from last year but are better than expected given the oversupply of potatoes in the United States and Europe. Movement of processing potatoes is well ahead of last year's pace.

Activities – The Board undertook and/or completed several initiatives in 2013: The industry faced a number of challenges in 2014. The closure of the McCain Foods processing facility was a blow to the industry as well as the community of Borden-Carleton. McCain's Foods is honoring their contracts with their growers for the 2014 crop and have indicated they will continue to contract potatoes destined for McCain's New Brunswick plants with Prince Edward Island growers in subsequent years if acceptable contract terms are negotiated. Additionally, Board staff has been involved with provincial government officials in exploring future options for the modern processing facility in Borden-Carleton that ideally will involve ongoing purchase and processing of PEI potatoes.

In mid-August, the industry was disappointed by the discovery of potato wart once again. A Task Force was re-established with representatives of the Potato Board, the provincial government, Agriculture & Agri-Food Canada and the Canadian Food Inspection Agency to tackle this new discovery head-on, to prevent the spread of this quarantinable disease, and to maintain market access to Canadian and export markets. Through the collaborative efforts of the Task Force, we were able to maintain access to American and other international export markets for both tablestock and seed with some additional temporary testing requirements and/or washing and sprout inhibition of product. CFIA and industry representatives will continue to implement the long term management strategy in place to prevent the spread of potato wart.

The PEI Potato Board and the Federation of Agriculture were both involved in supporting a lifting of the moratorium on high-capacity wells for supplemental irrigation in the first part of 2014. This request was based on information the Board had received from provincial environment officials indicating adequate scientific justification to remove the moratorium. Both organizations were also supportive of adequate regulations and monitoring to ensure that water quality and access to water are not negatively affected. After months of significant public debate, the government announced that the moratorium would remain in place while it develops a Water Act which will address supplemental irrigation as well as water access and use for all purposes (agricultural and non-agricultural) by all Islanders.

Perhaps the most disturbing challenge faced by the industry in 2014 was the discovery of needles deliberately inserted into potatoes on two Island farms. This act of food tampering is very serious for our industry, with the potential to impact consumer confidence in our product. Thankfully, the initial potato operation involved acted immediately and proactively with the consumer front and centre in their minds, and through their voluntary recall, they were very successful in alleviating consumer concerns. All of the parties involved followed the relevant food safety and traceability protocols to ensure that consumers were protected.

Also encouraging was the response from the industry to a call for donations to a new fund created with the hope of finding out who is responsible for this criminal act. As a result, the industry was able to announce a $100,000 cash reward for information leading to the conviction of the person or persons responsible for this crime. With funding assistance from the provincial and federal governments, the Board hired a consultant that prepared a report on the latest foreign material detection technology that is available. This was communicated to the industry via print, seminar and a workshop.

The Board continues to be active on new initiatives to reinvigorate the PEI Potatoes Brand. At present, a major effort is nearing completion to redesign industry packaging for fresh potatoes with a new logo and packaging. This new packaging will be rolled out later in 2015. As well, the Board continues to develop and expand its reach via social media. Almost 8500 people have liked PEI Potatoes on Facebook, and @PEIPotatoes has more than 3700 followers on Twitter. Our brand got a big boost in February 2014 when our Brand Ambassador Heather Moyse won the gold medal in bobsled at the 2014 Sochi Olympics. Island potato growers are very proud of Heather and her achievements, and are proud to have supported Heather for the past three years.

Continuing efforts are put into ensuring that our exporters and dealers meet licensing requirements. Licenses are renewed each year at the end of July. As well, the Board continues to collect shipment volume and price information which it is able to supply to growers and dealers in summary form each week. This information is complemented by information we receive as a member of United Potato Growers of Canada. UPGC works closely with its sister organization, United Potato Growers of America to provide bi-national market intelligence. These efforts are made to provide growers with as much information as possible to enable them to get the best return available from the marketplace.

The 2014 year was the first full year of expanded research coordination and funding efforts. The Board continues to invest in research projects aimed at improving return for Island growers as well as improving the economic and environmental sustainability of our industry. Wireworm continues to be a major research priority for growers, as do: addressing yield variability, storage optimization, variety evaluation, crop rotations, nutrient management, and more. Additionally, the Board continues to support and promote the Canadian Fertilizer Institute's Farming 4R Island Nutrient Stewardship initiative in collaboration with the Federation of Agriculture, the Provincial Government and the Kensington North Watershed Group.

The Elite Seed Farm continues to produce early generation seed for Island growers. Continued improvements to production are ongoing. We welcomed a new Farm Manager (Matthew Ramsay) in 2014 after training on-the-job with our team for the last two seasons. Virus levels in 2014 seed potatoes are very low based on results of post-harvest tests, giving Island seed growers a good crop to market for 2015 plantings.

Part of our marketing activities in 2014 included continued participation in the Potatoes Canada project with matching funds obtained through the AAFC AgriMarketing Program. Partners include PEI Department of Agriculture and Potatoes New Brunswick. Activities under this project include website maintenance, provision of market requirements and trade information to exporters and PNB, promotion at international trade shows and hosting incoming trade missions for commercial or phytosanitary purposes.

A professional facilitator was used in 2014 for contract negotiations between Cavendish Farms and processing growers. This resulted in a contract being agreed upon without going to binding arbitration with Cavendish Farms. Contracts with McCain's and chip stock buyers were also settled without arbitration in 2014.

In an ongoing effort to address the challenges and capitalize on opportunities, the Board conducted a very detailed strategic review process and is pleased to be entering 2015 with a renewed long term strategic plan to help guide the decision-making of Directors and staff.

The Board continued to work with Agriculture & Agri-Food Canada, the Canadian Food Inspection Agency, the PEI Department of Agriculture and other agricultural groups such as the PEI Federation of Agriculture and the Canadian Horticultural Council on issues of importance to the industry.

Prince Edward Island Oyster Commodity Group

Mandate: On May 8, 2002, the Minister of Agriculture, Fisheries, Aquaculture and Forestry designated the Prince Edward Island Oyster Commodity Group (OCG) as a commodity group under Part III of the *Act*.

The Oyster Commodity Group was formed primarily to collect funds from licensed fishers who harvest oysters from the public fishery. The funds collected are partnered with Provincial Government funds to develop and enhance the public oyster fishery.

The oyster industry on Prince Edward Island has evolved tremendously over recent years as is evidenced below. Through a concentrated effort of education and communication, the Oyster Commodity Group has realized an increase in the payment and collection of the levy in 2014 and is viewed by industry as a whole, as an avenue to perhaps explore additional industry driven marketing initiatives moving forward.

The public fishery on Prince Edward Island continues to satisfy 75% of current market demand and as such, continues to promote good public relations, fair practices and high standards in the oyster industry. It will be through continued education, communication as well as successful collections that the Oyster Commodity Group will be enabled to administer such programs as designated by Provincial & Federal governments relative to the oyster industry.

Oyster Commodity Group Members at December 31, 2014:

1 Year Term:	2 Year Term:	3 Year Term:
Jimmy A'Hearn	James Wagner	Brenda Campbell
Chris Bernard	Nic Coughlin	Stan Casey, Chair
Denis Barriault	Loman MacLean	Murray Perry

Administrative Support: Paula Walfield

There were a total of six meetings of OCG between April 3, 2014 and December 31, 2014. The Group met immediately after each PEI Shellfish Association Board of Director Meeting 2014 in an effort to achieve regularity and continuity. There was a clear objective set initially by the Group that a more positive approach must be exercised in order that commodity group members, processors, fishers, and producers become more informed. Accountability and transparency remain the key issues in the promotion of the collection of the annual levy as well as instilling a positive will by all industry participants to ensure their fee is collected and remitted to the OCG in a timely manner.

Conversations have begun to explore ways that the collection process could be made more efficient for all parties involved. The major area remains the unknown as to whether individuals have paid their annual fee to other processors. At present, if an individual says

they already paid, fees are not deducted. To our knowledge, only eight individuals had paid twice.

Other areas of concern are that some processors send Social Insurance Numbers, some with addresses, some with name only; oftentimes, there may be up to three individuals with the same name. Some fisher declarations, which are compulsory for fishers to fill out before they get paid for their product, ask the question, "Do you wish to pay..." while others ask, "Did you pay...?" Efforts have begun to initiate a more universal clause within the fisher declaration. Ultimately, it would be wonderful to begin with this clause in place in 2015, however that goal might not be realized as conversations have just recently begun. Our goal is to have a standardized form and question by May, 2016.

As for having a space for addresses to be printed on the forms, that work is ongoing and may take time to complete. The OCG has collected all used and unused receipt books and will be exploring a more efficient receipt process for 2015. For the 2014 year fee collection has been greatly improved with receipts of $16,100. Just having a part time staff person in place to follow up on fee collections has uncovered errors in remitting collected fees to the OCG of several thousand dollars dating back to 2010. Financially, the OCG is in much better shape than previous years and all estimations are that revenue minus expenses in 2014, even net of 2014 audit fees will provide a comfortable beginning for 2015.

Levis Collected: An annual levy of $50 is collected from industry participants (licensed oyster fishers & producers) who deliver oysters to a buyer. During 2014, levies valued at $16,100 were collected from 322 fishers by oyster buyers.

Pursuant to the *Natural Products Marketing Act,* fishers who do not wish to pay the levy may serve notice on the OCG that the levy not be deducted. Fishers may also apply to the Group for a refund if the levy has been deducted. An information sheet was prepared for individuals and processors, circulated upon request. As at December 31, 2014 there were two requests for this information. Of the 322 fees collected, there were no requests for fees to be returned however, eight fishers were found to have clearly paid the levy twice therefore these fees were returned. Net funds available to the Group for enhancement activities were $9,260 being the full amount of 10% industry contribution relating to the 2014 Enhancement Contract.

It will be through continued partnership and positive dialogue with processors, producers and the public fishery that OCG will remain successful in our main objective "to promote and protect the interests of all industry players as well as assist in the production, research and marketing of quality Malpeque oysters and to encourage efficiency in all branches of the industry.

2014 Principal Activities: - Industry driven enhancement of public oyster beds across PEI in partnership with FARD & the PEI Shellfish Association;
-Purchase of 500 new oyster grow-out cages for enhancement activities, industry driven in partnership with ACOA, FARD & PEI Shellfish Association;
- Representation of industry concerns such as Malpeque Bay Expansion & Multi Species Issue;
- Promotion & Collection of fees from processors as well as payment by all industry participants.
- Continued efforts to seek out opportunities for future partnerships and relationships to ensure our Prince Edward Island oyster industry flourishes well into the future!

Prince Edward Island Wild Blueberry Growers Association

Mandate – The Prince Edward Island Wild Blueberry Growers Association was designated a commodity group under Part III of the *Act* on August 10, 2001.

Board of Directors – On December 31, 2014, the Board consisted of:

David MacNearney, President
Stephanie Compton, Vice President
Kevin McKenna
Bill Harper
John MacDonald
John Handrahan, Treasurer
Rob MacLean, Secretary
Kevin Carver
Colin MacAulay

Executive Assistant - JoAnn Pineau

Levies – An annual levy of $0.008 per pound is collected from wild blueberry growers by processors. During 2014, approximately $120,000 in levies was remitted to the Board.

Similar to other commodity groups under the *Act*, the Association is required to refund levies collected from producers who object to the collection of levies. Three growers have requested the return of their 2014 levies and these requests are currently being processed.

Statistics – PEI produced 22,741,762 lbs of wild blueberries in 2014. This includes a 1% estimate of fresh fruit. In comparison, PEI produced 16,183,752 lbs in 2013 and 14,193,010 lbs in 2012.

Industry Challenges – Costs of managing blueberry production have increased while prices have fallen, causing margins to shrink. Increasing recognition of leaf diseases and fungicide applications to control them are contributing to the increased cost of management. Growers continue to manage weed species such as Hawkweed and Sheep Sorrel. Spotted Wing Drosophila is now widely distributed in PEI and growers are monitoring and controlling as necessary. Black Vine Weevil continues to cause localized damage in blueberry fields in western PEI.

Principal Activities – The Association represents Island blueberry industry stakeholders on provincial issues and has representation on the Wild Blueberry Association of North America (WBANA). WBANA receives 62.5% of the levy and uses it for generic promotion and health benefit research.

The 13th year of the PEI Wild Blueberry Growers Association was a productive and successful one. The Board was involved in a broad range of educational, promotional, research and industry advocacy activities. The Association continues to hold producer information sessions, demonstrations and tours in cooperation with

Chris Jordan, Berry Crop Development Officer and Provincial Apiarist with the PEI Department of Agriculture & Forestry.

The 2014 PEI Blueberry Information Day and Annual General Meeting of the PEI Wild Blueberry Growers Association was the largest ever with more than 100 attendees. Over a dozen presentations focused on issues such as developing habitats for local pollinators, blueberry global markets outlook, beneficial fungus in disease prevention, natural enemies of blueberry pests, Spotted Wing Drosophila and higher sustained blueberry yields.

The Association also hosted a Blueberry Field Day on July 10th in Savage Harbour. Ninety attendees took in a variety of events and information. Technical information booths provided material on issues such as fertility, insects, disease, weeds and pollination, while demonstrations covered topics such as sprayer calibration and in-field sweeping.

This past year also saw the formation of the local promotion sub-committee aimed at creating a greater awareness of the Island blueberry industry. This committee hopes to encourage Islanders to purchase both fresh and frozen local berries as well as educate people on the process of growing blueberries and their health benefits. Through this initiative the Association had a greater presence at festivals and events across PEI and worked to development a new logo and website. In addition to this, 2014 saw a reworking of the PEIWBGA quarterly newsletter, aimed at keeping blueberry growers in the loop on events, information and research.

A central objective of the Association is to facilitate and be involved with research initiatives that benefit the wild blueberry industry as a whole. This year the Association aided research initiatives on the effects of early pollination, Sclerotinia Berry Drop and fescue management. The PEIWBGA will continue to address issues of importance to the industry and welcomes any input.

These increased activities have made the PEI Wild Blueberries Growers Association more active and as a result Amie Swallow MacDonald was hired by the Association in co-operation with the PEI Federation of Agriculture to carry out the extra activities. When Amie moved on to another position in September, JoAnn Pineau came on board as the current Executive Assistant. JoAnn provides the PEI Wild Blueberry Growers Association with day to day management of operations in addition to acting as an Industry Development Officer for the PEI Federation of Agriculture.

Our membership continues to ask about alternative marketing strategies such as single desk selling, supply management and forward contracting. The Board will continue to educate themselves about the various marketing strategies in the coming year.

The PEI Strawberry Growers Association

Mandate – The Prince Edward Island Strawberry Growers Association was designated as a commodity group under Part III of the *Act* on July 3, 2013.

Board of Directors - As of December 31, 2014 the Board was as follows:
President: Arnold Nabuurs
Vice President: Alan Rennie
Treasurer: Claude McCardle
Secretary: Cheryl Good
Member at large: Barry Clohossey

Levies - A twenty dollar membership fee was levied by the Association. In addition, a voluntary levy of five dollars per thousand strawberry plants purchased was requested of all growers who purchased one thousand or more plants in 2014.

Principal Activities - The PEI Strawberry Growers Association was reorganized primarily to respond to an initiative by Québec strawberry producers to form a national strawberry marketing (research and promotion) agency. This is a process which is on-going and in which we are very interested. Administrative support was provided by the office of the PEI Federation of Agriculture.

A discussion was held regarding the need to submit, to Marketing Council, audited financial statements when the commodity group does not turn over much money each year. Since it is a requirement, a motion was passed to fulfill this obligation.

Industry Challenges - Production issues were also addressed. The most serious issue was a devastating virus complex that decimated some berry patches in 2014. The face of strawberry production on PEI will change due to the presence of this virus complex. Other issues of concern include:

- The status of the Quebec proposal;
- What form the Strawberry Growers Group should take going forward;
- Strawberry virus test results from growers' fields in 2014; and
- Aphid monitoring for effective timing of pesticide applications.